

AMENDED IN SENATE APRIL 26, 2006

SENATE BILL

No. 1766

Introduced by Senator Kehoe

February 24, 2006

An act to add Article 4.6 (commencing with Section 14146) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1766, as amended, Kehoe. Medi-Cal: demonstration project.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and pursuant to which health care services are provided to qualified low-income persons.

This bill would authorize the *department to contract with Project Dulce for the* implementation of the Project Dulce Diabetes Disease Management and Self-Management Education Demonstration Project for a period of 3 years in San Diego County subject to federal financial participation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Health care costs in California are rising dramatically.
- 4 (b) A large portion of these costs are attributable to
- 5 complications from chronic diseases.

1 (c) Chronic diseases dramatically decrease the quality of life
2 of their victims and family members.

3 (d) Diabetes is the leading contributor to other major health
4 conditions, including heart disease, kidney disease, blindness and
5 amputations; the social costs in the form of disability and lost
6 productivity are estimated to be as high as the health care costs.

7 (e) Peer-reviewed scientific studies demonstrate that effective
8 disease management and self-management education programs
9 and services can improve patient outcomes, reduce the incidence
10 of complications and decrease the cost of medical care.

11 (f) Diabetes disease management and self-management
12 education programs and services are covered by the federal
13 Medicare program and increasingly used to improve patient
14 outcomes and reduce costs in California's private health care
15 market; however, California's fee-for-service Medi-Cal
16 population does not have access to these services.

17 (g) It is estimated that 22 percent of California's nonelderly
18 people with diabetes, 915,000 persons, are covered by Medi-Cal;
19 almost 28 percent of elderly diabetics are covered by Medicare
20 and Medi-Cal In San Diego, it is estimated that there are 17,500
21 nonelderly adult Medi-Cal beneficiaries with diabetes and 13,500
22 elderly adults with Medicare and Medi-Cal.

23 (h) Project Dulce is a diabetes disease management and
24 self-management education program recognized by the American
25 Diabetes Association and operated by the Whittier Institute for
26 Diabetes. Project Dulce programs and services are specific to
27 groups at increased risk for diabetes, including Latinos,
28 Southeast Asian, Philippine and Native American populations.
29 Project Dulce services are provided by teams including diabetes
30 specialist registered nurses, registered dietitians, health educators
31 and trained peer-counselors (promotoras). Project Dulce has
32 demonstrated significant improvements in clinical outcomes and
33 utilization.

34 (i) Project Dulce teams provide disease management and
35 self-management education services to people with diabetes
36 under contracts with community clinics, medical groups and
37 health plans throughout San Diego County. The Team approach
38 is a cost efficient and effective method for providing
39 comprehensive, integrated and coordinated diabetes management
40 and education services throughout the community.

1 (j) The state Medi-Cal program does not cover disease
2 management and self-management education services for
3 California's Medi-Cal eligible population; the state Medi-Cal
4 program does not allow Federally Qualified Health Centers
5 (FQHC) to bill for Project Dulce Medi-Cal covered services
6 provided by the Project Dulce Team.

7 SEC. 2. Article 4.6 (commencing with Section 14146) is
8 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
9 Institutions Code, to read:

10
11 Article 4.6. Project Dulce Diabetes Disease Management
12 Self-Management Education Demonstration Project
13

14 14146. (a) There is hereby authorized in the County of San
15 Diego the Project Dulce Diabetes Disease Management and
16 Self-Management Education Demonstration Project, to be
17 implemented for a period of three years. ~~The county of San~~
18 ~~Diego~~ *department* may enter into a contract with Project Dulce
19 for the implementation of the demonstration project pursuant to
20 this article.

21 (b) For purposes of this article, "demonstration project" means
22 the demonstration project authorized by subdivision (a).

23 (c) For purposes of this article, "Project Dulce" means the
24 diabetes disease management and self-management education
25 program recognized by the American Diabetes Association and
26 operated by the Whittier Institute for Diabetes.

27 14146.1. (a) The three-year demonstration project shall do all
28 of the following:

29 (1) Conduct outreach to fee-for-service aged, blind, and
30 disabled Medi-Cal beneficiaries with diabetes using lists and
31 information provided by the department.

32 (2) Enter into contracts with community clinics, medical
33 groups and physician practices serving fee-for-service Medi-Cal
34 beneficiaries with diabetes to enroll and provide disease
35 management services to their fee-for-service Medi-Cal patients.

36 (3) Provide self-management education to enrolled
37 fee-for-service Medi-Cal beneficiaries with diabetes, other
38 Medi-Cal fee-for-service beneficiaries with diabetes, and family
39 members of Medi-Cal beneficiaries with diabetes, including
40 education and training by trained peer counselors.

1 (4) Maintain a database of demographic, Project Dulce
2 activity, clinical and outcomes data.

3 (5) Report outcomes to the department on a semi-annual basis.

4 (6) Cooperate with, and analyze utilization and cost data
5 provided by the department, to conduct an evaluation of the
6 demonstration project after 18 months of program operation and
7 after 36 months of program operation.

8 (b) In providing diabetes disease management and
9 self-management education programs and services under this
10 article, Project Dulce shall continue to be recognized by the
11 American Diabetes Association (ADA), and operate under
12 guidelines developed and promulgated by the ADA.

13 14146.2. ~~(a)~~ Within the shortest possible time frame, the
14 department shall implement the demonstration project described
15 in subdivision (a) of Section 14146.1. In establishing the
16 demonstration project, the department shall pay special attention
17 to all of the following:

18 ~~(1)~~

19 (a) Programs and services that are ethnically specific and
20 appropriate.

21 ~~(2)~~

22 (b) Integration and coordination of programs and services with
23 current Medi-Cal healthcare services and providers serving
24 diabetic patients.

25 ~~(3)~~

26 (c) Methods for identification of targeted and at-risk Medi-Cal
27 beneficiaries and the sharing of beneficiary specific information
28 and data between the department and Project Dulce.

29 ~~(4)~~

30 (d) A budget, payment terms, and contract provisions that
31 ensure that the Project Dulce demonstration project will result in
32 a net cost savings to the department. For purposes of this
33 paragraph, “cost savings” means expenditures that are estimated
34 to be less than what would have occurred without the
35 implementation of the pilot project over the three-year term of
36 the demonstration project.

37 ~~(5)~~

38 (e) Independent evaluation methods to assess both clinical
39 outcomes and cost effectiveness to the Medi-Cal program taking

1 into consideration Medi-Cal program reimbursement and benefit
2 changes, client risk factors, and comorbidities.

3 ~~(6)~~

4 (f) Potential benefits of providing diabetes disease
5 management and education services to fee-for-service Medi-Cal
6 beneficiaries in addition to the aged, blind, and disabled, and, if
7 potentially beneficial, their inclusion in the demonstration
8 project.

9 ~~(b)~~

10 (g) The inclusion of incentives for Medi-Cal fee-for-service
11 beneficiaries to participate in, and comply with, disease
12 management and self-management education programs,
13 including, but not limited to, inclusion of those incentives in the
14 demonstration project budget.

15 14146.4. Licensed healthcare providers contracting with
16 Project Dulce to provide diabetes disease management and
17 self-management education programs and services may bill for
18 Medi-Cal covered services provided under that contract subject
19 to the care plan and supervision of the healthcare provider and its
20 physicians. For the purposes of this article, Medi-Cal covered
21 services shall include those provided under the Project Dulce
22 contract by diabetes specialist registered nurses and dieticians.

23 14146.5. Community clinics, including federally qualified
24 health centers (FQHCs), contracting with Project Dulce to
25 provide diabetes disease management and self-management
26 education under this article may bill for Medi-Cal covered
27 services when the services are provided pursuant to the care plan
28 and supervision of that clinic and its physicians. For the purposes
29 of this section, Medi-Cal covered services includes those services
30 provided under a contract with Project Dulce by diabetes
31 specialist registered nurses and dieticians, who shall be included
32 in the definition of a provider and services for which the clinic or
33 FQHC may bill.

34 14146.6. The department shall submit any state Medi-Cal
35 plan amendments or federal waivers necessary to allow for
36 federal financial participation in expenditures under this article,
37 including payments made to Project Dulce. *The services provided*
38 *for under this article shall be covered under the Medi-Cal*
39 *program only if federal financial participation is available.* If
40 necessary, the department shall seek any statutory changes from

- 1 the Legislature required to implement this article. If a federal
- 2 waiver is required to guarantee federal financial participation in
- 3 the program, the department shall not implement the Project
- 4 Dulce Demonstration until federal approval is obtained.

O